Joint Committee on Taxation
#JCX-32-89
July 18, 1989

**- Ways and Means Committee -**
**1989 RECONCILIATION -- ADDITIONAL ITEMS**

Fiscal Years 1990-1994

[Millions of Dollars]

| Item | Code Section | Current-Law Expiration | 1990 | 1991 | 1992 | 1993 | 1994 | 1990-94 |
|---|---|---|---|---|---|---|---|---|
| I. CHAIRMAN'S MARK, as modified by previous Committee action (1)..... | | | 5,464 | 6,993 | 5,616 | 5,448 | 5,312 | 28,809 |
| II. CHILD CARE INITIATIVE | | | | | | | | |
| A. Expanded Earned Income Tax Credit (effective 1/1/91): | | | | | | | | |
| 1. Adjustments for family size (3+): phasein 17%, 21%, 25%; phaseout 12%, 15%, 18%..... | | | -- | -301 | -2,853 | -3,062 | -3,280 | -9,496 |
| 2. Supplemental for children under 6 years old: phasein 6%; phaseout 4.25%..... | | | -- | -149 | -1,505 | -1,614 | -1,730 | -4,998 |
| B. Expansion of Title XX Block Grant for Child Care Services (outlays)..... | | | -- | -350 | -400 | -400 | -400 | -1,550 |
| Subtotal, CHILD CARE INITIATIVE..... | | | --- | -800 | -4,758 | -5,076 | -5,410 | -16,044 |
| III. EXPIRING PROVISIONS | | | | | | | | |
| A. Temporary Extensions (through 12/31/91) | | | | | | | | |
| 1. Employer-provided education assistance (3 years)..... | Sec. 127 | 12/31/88 | -497 | -316 | -96 | -- | -- | -909 |
| 2. Targeted jobs tax credit (2 years)..... | Sec. 51 | 12/31/89 | -47 | -134 | -144 | -80 | -37 | -442 |
| 3. Mortgage revenue bonds (2 years)..... | Sec. 143 | 12/31/89 | -11 | -55 | -117 | -145 | -143 | -471 |
| 4. Small-issue manufacturing bonds (2 years)..... | Sec. 144 | 12/31/89 | -7 | -39 | -80 | -78 | -76 | -280 |
| 5. Business energy credits (solar and geothermal; 2 years)..... | Sec. 46 | 12/31/89 | -56 | -81 | -26 | 5 | 4 | -154 |
| B. Permanent Extensions | | | | | | | | |
| 1. Low-income housing credit (with modifications). | Sec. 42 | 12/31/89 | -80 | -335 | -685 | -1,067 | -1,460 | -3,627 |
| 2. Research and experimentation credit (with modifications)..... | Sec. 41 | 12/31/89 | -398 | -782 | -968 | -1,063 | -1,194 | -4,406 |
| 3. Research and experimentation cost allocation rules (64% allocation; effective for taxable years beginning after 8/1/89)..... | Sec. 861 | * | -310 | -625 | -708 | -772 | -837 | -3,252 |
| Subtotal, EXPIRING PROVISIONS..... | | | -1,406 | -2,367 | -2,824 | -3,200 | -3,743 | -13,541 |
| IV. AMENDMENTS TO MEDICARE CATASTROPHIC PROGRAM (includes outlay effects)..... | | | 397 | 186 | 337 | 1,321 | N/A | 2,241 |

J862-46
H782-39

| Item | 1990 | 1991 | 1992 | 1993 | 1994 | 1990-94 |
|---|---|---|---|---|---|---|
| V. ELIMINATE FROM CHAIRMAN'S MARK REPEAL OF REMAINING 10-PERCENT CONSUMER INTEREST DEDUCTION FOR 1990 | -184 | -1,042 | -- | -- | -- | -1,226 |
| VI. SUBCOMMITTEE-RELATED ITEMS | | | | | | |
| A. Simplify Corporate Alternative Minimum Tax | | | | | | |
| 1. Eliminate book backstop | -388 | -590 | -575 | -538 | -560 | -2,650 |
| 2. Adjust treatment of installment sales of timeshares and residential lots | -5 | -7 | -7 | -6 | -6 | -31 |
| 3. Other changes | (2) | (2) | (2) | (2) | (2) | (2) |
| B. Modify Rehabilitation Tax Credit | -8 | -21 | -29 | -39 | -48 | -145 |
| C. CBI Proposal (previously reported by full Committee as H.R. 1233) | -31 | -35 | -39 | -12 | -2 | -119 |
| Subtotal, SUBCOMMITTEE-RELATED ITEMS | -432 | -653 | -650 | -595 | -616 | -2,945 |
| VII. REVENUE-RAISING OFFSETS | | | | | | |
| A. Tax on Ozone-Depleting Chemicals | 653 | 1,280 | 1,751 | 2,216 | 2,615 | 8,515 |
| B. Treatment of Policyholder Dividends of Mutual Life Insurance Companies | 763 | 870 | 332 | -- | -- | 1,965 |
| C. Permanent Extension of Telephone Excise Tax | -- | 1,612 | 2,732 | 2,930 | 3,143 | 10,417 |
| D. Modify Collection Period of Airline Ticket Tax (effective for tax billed after June 30, 1990) | 56 | -27 | 2 | 2 | 2 | 35 |
| Subtotal, REVENUE-RAISING OFFSETS | 1,472 | 3,735 | 4,817 | 5,148 | 5,760 | 20,932 |
| **GRAND TOTALS** | **5,311** | **6,052** | **2,538** | **3,046** | **1,303** | **18,226** |

July 18, 1989

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* Rules expire four months after start of a firm's first tax year beginning after August 1, 1987.
(1) Estimate total includes a loss of $24 million in FY 1989.
(2) Loss of less than $5 million.